

# Congress of the United States

Washington, DC 20515

November 21, 2023

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

Dear Speaker Johnson,

We would like to congratulate you on your election to the office of the Speaker of the House, and we look forward to working with you to address the many challenges facing our nation and the American people. One such challenge is to maintain a competitive and pro-growth tax code. As members of the Ways and Means Committee, we would like to share with you three important pieces of tax legislation: immediate research and development (R&D) expensing, a pro-growth interest deductibility standard, and full expensing.

Innovation is one of America's greatest strengths and a significant contributor to job creation, economic growth, competitiveness, and national security. For nearly 70 years, the tax code recognized the importance of R&D expensing by allowing businesses to fully deduct their R&D expenses in the same year they were incurred. Unfortunately, starting in 2022, the tax code now requires businesses to amortize their R&D expenses, making R&D more costly to conduct in the U.S. This harmful tax change has impacted businesses limiting hiring and restricting cash flow that threatens our national security. China has recently expanded and made permanent a super deduction for R&D expenses, giving them an edge over current U.S. law. Congress should restore immediate R&D expensing that will secure America's global leadership in innovation and our nation's economic and national security future.

Additionally, Congress should ensure the tax code enables businesses to finance growth. Businesses of all sizes need to borrow funds to finance long-term investments in equipment and facilities, which creates jobs and allows them to compete in the global economy. At the beginning of 2022, a stricter limitation on the deductibility of interest payments on business loans went into effect, increasing the cost of financing critical investments.

Finally, Congress should make permanent a key incentive for capital equipment purchases. Full expensing of capital equipment purchases reduces the after-tax cost. This pro-growth incentive can be vital, as it frees up much-needed capital. Full expensing must be restored, as failing to do so will make it costlier for businesses to undertake job-creating investments in the U.S. Supporting businesses' ability to invest in capital equipment will strengthen domestic supply chains and ensure that the U.S. can compete globally.

Supporting these three pro-growth tax changes is essential for growing our economy, creating jobs, and ensuring the U.S. remains competitive globally. We humbly ask you to consider advancing these priorities before the end of this year, to ensure American businesses can

continue growing and creating jobs despite daily challenges created for them by the Biden administration and its failing economic policies. We look forward to working alongside you and the Republican Conference to advance these critical provisions as we work toward fully making the Tax Cuts and Jobs Act permanent for families and small businesses in 2025.

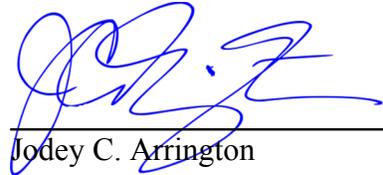
Sincerely,



Ron Estes  
Member of Congress



Adrian Smith  
Member of Congress



Jodey C. Arrington  
Member of Congress



Vern Buchanan  
Member of Congress



Mike Kelly  
Member of Congress



David Schweikert  
Member of Congress



Darin LaHood  
Member of Congress



Brad R. Wenstrup, D.P.M.  
Member of Congress



A. Drew Ferguson IV  
Member of Congress



Lloyd Smucker  
Member of Congress



Kevin Hern  
Member of Congress



Carol D. Miller  
Member of Congress



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Gregory F. Murphy, M.D.  
Member of Congress



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David Kustoff  
Member of Congress



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Brian Fitzpatrick  
Member of Congress



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Claudia Tenney  
Member of Congress



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Blake D. Moore  
Member of Congress



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Michelle Steel  
Member of Congress



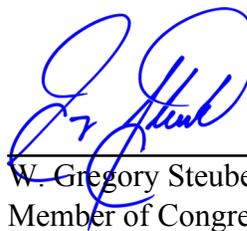
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Randy Feenstra  
Member of Congress



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Mike Carey  
Member of Congress



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W. Gregory Steube  
Member of Congress